



U.S. DEPARTMENT OF
ENERGY

*Presentation to the SRS
Citizens Advisory Board*

**SRS Environmental Management,
Environmental Liability Audit**

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EM *Environmental Management*
safety ♦ performance ♦ cleanup ♦ closure

Purpose

- Provide an overview of the Environmental Liability Annual audit process and FY 2010 outcome.

Acronyms

ARRA	American Recovery & Reinvestment Act
CSSC	Container Surveillance and Storage Capability Project
DOE-SR	Department of Energy – Savannah River
DOE-HQ	Department of Energy – Headquarters
EL	Environmental Liability
EM	Environmental Management
EOL	End of Lifecycle
GAO	General Accounting Office
OIG	Office of Inspector General
KPMG	KPMG, LLP
SREL	Savannah River Ecology Lab
SRNL	Savannah River National Lab
SRNS	Savannah River Nuclear Solutions
SRR	Savannah River Remediation
WSI	WSI-Team

- **Background:** Environmental Liability is the estimated cost for DOE to meet its present and future environmental cleanup obligations, including Long Term Stewardship.
 - Major component of the Department's Consolidated Financial Statement.
 - Annual audit led by KPMG.
 - Basis of audit: January 2008 Certified Baseline as defined in Program Management Plan.

FY 2010 Focus Areas:

- Restructuring of EM Base Project Portfolio into capital asset and operating activity subprojects.
- Impact of the ARRA funding on life-cycle costs.
- Uncertainty regarding final disposition of high-level waste and Spent Nuclear Fuel given the termination of the proposed geologic repository at Yucca Mountain.
- Coordination of inter-site shipments of waste and material to ensure consistency between shipping and receiving sites.

EM Environmental Liability Audit

➤ **Factors for determining EM Environmental Liability:**

- Approved Life Cycle cost
- Pending Baseline Change Proposals and Change Requests
- Other Adjustments (Active Facilities and Miscellaneous Other)
- Long Term Stewardship costs
- Uncertainty Contingency
- Actual Costs

➤ **Depth and Complexity of the FY 2010 Audit:**

- Span of Audit was seven months (April – October).
- More than 125 data requests (some were several pages long).
- More than 25 program briefings involving DOE-SR, DOE-HQ, and Audit Team.
- Numerous Site tours involving DOE and Contractor management and staff.
- Complexity is attributed to economic changes, contract transitions, baseline development, incorporation of ARRA, and overall integration.

EM Environmental Liability Audit

- **FY 2010 Environmental Liability and Proposed Changes and Adjustments:**
 - Starting Environmental Liability was **\$36.7B** (FY10 – EOL)
 - **EL Adjustments:** SRNS Contract Performance Baseline, out year pension, and ARRA funded contingency \$1.3B.
 - **Change Requests:** ARRA scope acceleration, SRR Baseline, Implementation of Supplemental Salt Waste Strategy, Consolidation of Community and Regulatory Support, and Project Cancellation **(\$4B)**.
 - Ending Liability is **\$34B** (FY10 – EOL).
 - **Other Adjustments** (Not SRS Baseline): Technology Development and Contaminated Facilities disposition in Active Facilities Database \$255M.
- **SRS Prior Year Finding:** Omission of Contaminated Facilities
 - PBS-40 will include the 69 (11 contaminated) facilities back into the EM lifecycle in the Project Management Plan and Integrated out-year baseline update in FY 2011.
- **Audit Results:** The Department received a Clean or Unqualified Opinion on November 10, 2010.